

**REMARKS/ARGUMENTS**

Claims 1-4, 10-12, 18, 21-23 and 26-27 are pending in this application. Claims 5-9, 19-20, 24-25 and 28 have been canceled. Claims 13-17 were previously canceled.

The Examiner is thanked for the courtesy of a telephone interview, wherein it was indicated that claim 1 as amended would distinguish the cited art, and that claim 18 should be amended to read similarly to amended claim 1. Claim 18 has been so amended.

The claims have been amended to be directed to the embodiment where the interlude mode is operational normally, with the view mode providing live images being switched on when the user initiates a phone call. Thus, the webcam can provide interlude data, such as to a website, for most of the time. But when the user initiates a call, it automatically switches to a live view mode, providing a video call function using the webcam.

The cited Kaneko patent discloses a privacy mode, where substitute images can be sent during a call. Kaneko only deals with a video call, either sending live or substitute images at the user's discretion. Kaneko does not show sending substitute images in the absence of a call, then automatically sending the live images during a call. Thus, Kaneko does not show the dual use of a webcam for providing a webcam function (sending webcam images to an Internet web site), or switching to a live view for a video conference function.

Appl. No. 10/066,336  
Amdt. dated December 26, 2007  
Reply to Office Action of August 30 2, 2007

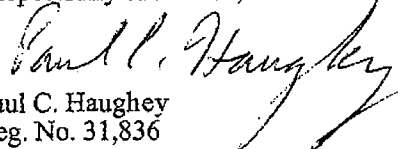
PATENT

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

  
Paul C. Haughey  
Reg. No. 31,836

TOWNSEND and TOWNSEND and CREW LLP  
Two Embarcadero Center, Eighth Floor  
San Francisco, California 94111-3834  
Tel: 415-576-0200  
Fax: 415-576-0300  
Attachments  
PCH:rgy  
61242212 v1